

Honolulu, Hawaii

February 7, 2014

RE: H.B. No. 2270
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 2270
entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to update Title 24, Hawaii
Revised Statutes (HRS), Relating to Insurance, to:

- (1) Conform to the federal Patient Protection and Affordable
Care Act by:
 - (A) Prohibiting rescissions of coverage under a health
benefit plan in most circumstances and requiring
health carriers to provide notice of rescission of
coverage;
 - (B) Mandating parity between medical and surgical
benefits and benefits for alcohol dependency, drug
dependence, and mental health treatment services;
and
 - (C) Repealing sections 431M-3, 431M-4, 431M-5, 431M-6,
and 431M-7, HRS;
- (2) Clarify that companies with general casualty insurance
authority can only write accident and health or sickness
insurance as incidental or supplemental coverage;



- (3) Streamline and improve the operations of the Insurance Division by clarifying that retention requirements for tax records for foreign and alien insurers, surplus lines brokers, and independently procured insureds;
- (4) Allow the Insurance Fraud Investigations Branch to review and take appropriate action on complaints of fraud relating to insurance under Title 24, but excluding workers' compensation insurance;
- (5) Include long-term care insurance as part of limited benefit health insurance;
- (6) Meet the accreditation standards of the National Association of Insurance Commissioners (NAIC) by applying article 11A of chapter 431, HRS (Business Transacted with Producer Controlled Property/Casualty Insurer), to risk retention captive insurance companies;
- (7) Require that 80 percent of all investment income on the reserves net of investment manager fees be applied to rate determination and filing of a managed care plan;
- (8) Adopt recommendations from the NAIC Health Maintenance Organization Model Act to clarify that the definition of "uncovered expenditures" includes out-of-area services, referral services, and hospital services; and
- (9) Make other housekeeping changes for purposes of clarity, style, and consistency.

The Department of Commerce and Consumer Affairs testified in support of this measure. The American Council of Life Insurers (ACLI) opposed this measure. Hawaii Medical Service Association (HMSA) commented on this measure.

Your Committee has amended this bill by:

- (1) Changing its effective date to July 1, 2050, to facilitate further discussion; and
- (2) Making a technical, nonsubstantive amendment for consistency and style.



Should the Committee on Consumer Protection and Commerce consider this measure, your Committee respectfully requests that it look at the specific insurance provisions and concerns raised by ACLI and HMSA.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2270, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2270, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Health,



DELLA AU BELATTI, Chair



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

HSCR 234-14

Record of Votes of the Committee on Health

Bill/Resolution No.: <i>HB 2270</i>	Committee Referral: <i>HLT, CPC, FIN</i>	Date: <i>2/5/14</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. BELATTI, Della Au (C)	✓			
2. MORIKAWA, Dee (VC)	✓			
3. CARROLL, Mele	✓			
4. CREAGAN, Richard	✓			
5. HASHEM, Mark J.	✓			
6. JORDAN, Jo	✓			
7. KOBAYASHI, Bertrand	✓			
8. OSHIRO, Marcus R.	✓			
9. WOODSON, Justin H.				✓
10. MATSUMOTO, Lauren Kealohilani	✓			
TOTAL (10)	<i>9</i>			<i>1</i>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>[Signature]</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				